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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/714,853	11/15/2000	Steve Litzow	XPWZ-1-1006	5296

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EXAMINER
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SMITH, JEFFREY A

ART UNIT	PAPER NUMBER
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3625

DATE MAILED: 02/24/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

**Application No.**

09/714,853

**Applicant(s)**

LITZOW ET AL.

**Examiner**

Jeffrey A. Smith

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 08 November 2004.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-24 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☒ Claim(s) 24 is/are allowed.
- 6) ☒ Claim(s) 1-23 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 11/15/2000 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- ☒ Notice of References Cited (PTO-892)
- ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_.
- ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_.
- ☐ Notice of Informal Patent Application (PTO-152)
- ☐ Other: \_\_\_\_\_.

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**DETAILED ACTION**

***Continued Examination Under 37 CFR 1.114***

A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on November 8, 2004 has been entered.

***Claim Rejections - 35 USC § 112***

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 1, 2, and 19-21 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one

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skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.

The claims are not enabled by the specification for an interactive script for presenting to a product vendor an option to refine a flexible representation of the product definition based upon actual purchase transaction data. Moreover, the skilled artisan is not apprised of the manner in which the representations of product definitions are to be considered "flexible".

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-6, 14-18, and 22 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Regarding claims 1 and 2: The phrase "flexible representations of product definitions" is not clear. The phrase could not be located in the specification and its meaning could not be gleaned from the context of the specification. It

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is noted that Applicant has provided a dictionary definition of the term "flexible" in the Remarks filed September 10, 2004. However, the definition of this sole term, absent any discussion of its meaning in the context of the phrase, does not serve to shed light on the intent of the scope of the limitation "flexible representations of product definitions". These claims will be treated as best understood.

In claim 3, lines 12 and 13: "the line item transaction" (used in each of lines 12 and 13) is unclear since a plurality of transactions are set forth previously. For examination purposes, these phrases have been interpreted as --each line item transaction--.

In claim 3, last line: it is not clear what is meant by the term "accordingly".

In claims 4-6, first lines, respectively: "The method for compiling a customer database" (emphasis added) lacks antecedent basis in claim 3.

In claim 4, line 3: "the customer data" lacks antecedent basis.

In claim 14, lines 2-3: "elemental definitions elemental definitions" appears grammatically incorrect.

In claim 16, lines 5-6: "elemental definitions elemental definitions" appears grammatically incorrect.

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In claim 22: the scope of the claim is not clear since it appears that Applicant is attempting to further limit structure invoked under 35 USC 112, sixth paragraph, by recitations of method steps. It is not clear in what sense Applicant intends to limit the structure of the system by the recitation of such method steps. The claim will be treated as best understood.

***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless -

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 7, 12, 13, and 22 are rejected under 35 U.S.C. 102(e) as being anticipated by Suzuki (U.S. Patent No. 6,313,745 B1).

Regarding claim 7: Suzuki discloses a method for facilitating commerce between customers and at least one vendor.

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The method comprises creating a customer database, a transaction database, and a vendor (in this case sales employee) database.

The customer database ("client database": col. 8, line 20) is created by enrolling customers into a closed market ; inputting a unique identifier for each customer ("customer ID": col. 8, line 24); and creating an initial record containing the identity of each customer (col. 8, line 27-31); recording purchase history data derived from actual purchases and associating that data with their unique identifier (col. 8, lines 36-42).

The transaction database is created by defining products offered by the vendors (see col. 6, lines 23-50); creating a record corresponding to each product (col. 6, lines 23-28); identifying a smallest indivisible sales unit to define each product (col. 6, lines 29-41); inputting a unique identifier ("product ID") for each of the smallest indivisible sales units of products; and categorizing each of the smallest indivisible sales units (col. 7, lines 12-15).

The vendor database is created by creating a record corresponding to each vendor; and inputting a unique identifier for each vendor ("employee ID": col. 5, line 37).

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The recitation in the preamble "electronic commerce" has been considered. However, there is no recitation in the body of the claim which serves to establish the manner in which this commerce method is considered "electronic". A preamble is generally not accorded any patentable weight where it merely recites the purpose of a process or the intended use of a structure, and where the body of the claim does not depend on the preamble for completeness but, instead, the process steps or structural limitations are able to stand alone. See *In re Hirao*, 535 F.2d 67, 190 USPQ 15 (CCPA 1976) and *Kropa v. Robie*, 187 F.2d 150, 152, 88 USPQ 478, 481 (CCPA 1951).

Regarding claim 22: It is noted that this claim is a system claim which parallels method claim 7. To that end, Suzuki discloses a system for facilitating the commerce method discussed above. The system comprises the structure necessary for creating the customer database, the transaction database, and the vendor database.

Regarding claim 12: Suzuki discloses that purchase histories are dissected. That is, each product in the history has an associated product ID and the system is able to analyze each product to generate a recommendation based upon relational instances in the customer database (see col. 8, lines 58-67).



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Relational instances include customer ID, product ID, and vendor ID (see col. 8, lines 36-57).

Regarding claim 13: Suzuki discloses a matching engine comprising a component for standardizing one or more of the purchase transactions, and one or more of the vendor's offerings, into one or more of the elemental definitions of salable units in the transaction database in common so as to enable comparison of the vendor's offerings against the actual purchase transactions. It is noted that Suzuki employees product IDs which serve to link purchases and offerings so that offerings can be compared against actual purchase transactions (col. 8, lines 51-57). Suzuki further discloses a component for analyzing one or more of the vendor's offerings in light of one or more of the actual purchase transactions stored in the customer database (col. 8, lines 58-67).

Claim 14 is rejected under 35 U.S.C. 102(e) as being anticipated by Smith et al. (U.S. Patent No. 6,785,592 B1).

Smith et al. discloses a method of targeted marketing comprising collecting data from consumers' bills; analyzing the collected data; predicting purchases the consumers may be likely to make based on the analysis; and designing offers to the

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consumers based on predicted purchases. See particularly col. 6, line 58-col. 7, line 17.

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1, 2, and 19-21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Suzuki (U.S. Patent No. 6,313,745 B1).

Regarding claims 1 and 2: These claims are treated as best understood (see above). The Suzuki system and method comprises at least one extensible transaction database (col. 7, lines 27-29). The system is provides the functionality to allow a vendor the option to refine the flexible representation of the product definition based upon actual purchase transaction data. This allows the vendor to offer a special promotion of a recommended product (see col. 8, lines 4-14).

Suzuki does not disclose a script, per se. However, a script is considered computer code which is executed. Such code alone does not move to structurally distinguish the instant system from the system disclosed by Suzuki.

Regarding claims 19-22: Similarly, the presentation of a plurality of interactive scripts (e.g. a pricing script) amounts to the mere provision of a computer code for execution and does not move to further provide an active step of the method which is actually performed. Accordingly, such presentation is given little patentable weight in distinguishing the instant method from the method of Suzuki.

It would have been obvious to one of ordinary skill in the art to have presented a plurality of scripts in order to have conducted the steps of Suzuki already disclosed, yet in an automated manner.

Claim 15 is rejected under 35 U.S.C. 103(a) as being unpatentable over Smith et al. (U.S. Patent No. 6,785,592 B1).

Smith et al. does not provide specifics as to how the data is collected. However, the particular manner in which the data is collected would have been an obvious matter of choice to one of skill in the art. Since bills are often transmitted electronically or physically one of ordinary skill in the art

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would have either collected the bill data either electronically or would have entered the data manually (in the case of a physically transmitted bill). Such data entry techniques would have been well within the level of skill in the art.

***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 3-11, 14-21, and 23 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for

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Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197

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USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has

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little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the

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claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

Regarding claims 3-11, 14-21, and 23: there is no non-trivial application of technology recited in the body of these claims. The recitation of certain technology (e.g. customer database, transaction database, vendor database, data processing system, etc...) is noted throughout various claims. However, none of the technology recited is applied in any recited activity in a non-trivial manner. MPEP 2106.

#### ***Allowable Subject Matter***

Claims 3-6, and 16-18 would be allowable if rewritten or amended to overcome the rejections under 35 U.S.C. 112, 2nd paragraph, and under 35 U.S.C. 101, set forth in this Office action.

Claims 8-11 are objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims and if rewritten or amended to overcome the rejection under 35 U.S.C. 101, set forth in this Office action.



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Claim 23 would be allowable if rewritten or amended to overcome the rejection under 35 U.S.C. 101, set forth in this Office action.

Claim 24 is allowable over the prior art of record.

### ***Response to Arguments***

Applicant's arguments filed November 8, 2004 (and incorporating arguments filed September 7, 2004) have been considered but are moot in view of the new ground(s) of rejection.

### ***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Cragun et al. (U.S. Patent No. 5,774,868) discloses an automatic sales promotion selection system and method. The system and method identifies desirable sales promotions based on recent customer purchases (col. 2, lines 28-42).

Reeder (U.S. Patent No. 5,852,812) discloses a billing system for a network. A host data center can interface with a marketing department computer to facilitate customer interest in

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a particular area of a distributed network (col. 5, lines 32-43).

Geerlings (U.S. Patent No. 6,073,112) discloses a computer system for merchant communication to customers. Customer data from a merchant's billing, invoicing, and other systems is used in conjunction with a strategy database to form communication campaigns (col. 4, line 37-col. 5, line 29).

Maher (U.S. Patent No. 6,125,349) discloses a method and apparatus that uses billing records to help merchants market goods (col. 4, lines 45-54). A transaction analysis correlates different types of purchases with different demographics of a particular client. The analysis then determines what offers might be made to the particular client (col. 6, lines 31-42).

Linden et al. (U.S. Patent No. 6,266,649) discloses collaborative recommendations. In one embodiment a user's credit card records are parsed to identify an item of known interest (col. 8, lines 45-49).

Harris (U.S. Patent No. 6,304,845 B1) discloses a system and method for providing a comparable branded product based on a current branded product. In one embodiment a product is assigned a "fingerprint" which is compared to the "fingerprints" of other products. A product or combination of products are

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recommended based upon the deviation of the "fingerprints" (col. 8, lines 13-48).

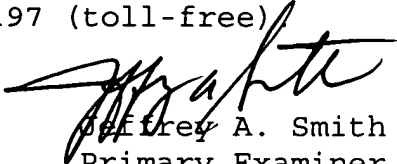
Savage et al. (U.S. 2002/0026394 A1) discloses a method and system of combined billing of multiple accounts on a single statement. One embodiment allows for a comparable bundle of products or services to be recommended when a desired bundle is no longer valid (par. [0083]).

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jeffrey A. Smith whose telephone number is 703-308-3588. The examiner can normally be reached on M-F 6:30am-6:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Wynn Coggins can be reached on 703-308-1344. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

  
Jeffrey A. Smith  
Primary Examiner  
Art Unit 3625

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